FINANCE DEPARTMENT

DEMAND No. 50

Pension and Other Retirement Benefits

POLICY NOTE 2025-2026

THANGAM THENARASU
Minister for Finance and
Environment & Climate Change

©
Government of Tamil Nadu
2025

DEMAND No.50

PENSION AND OTHER RETIREMENT BENEFITS POLICY NOTE FOR 2025-2026

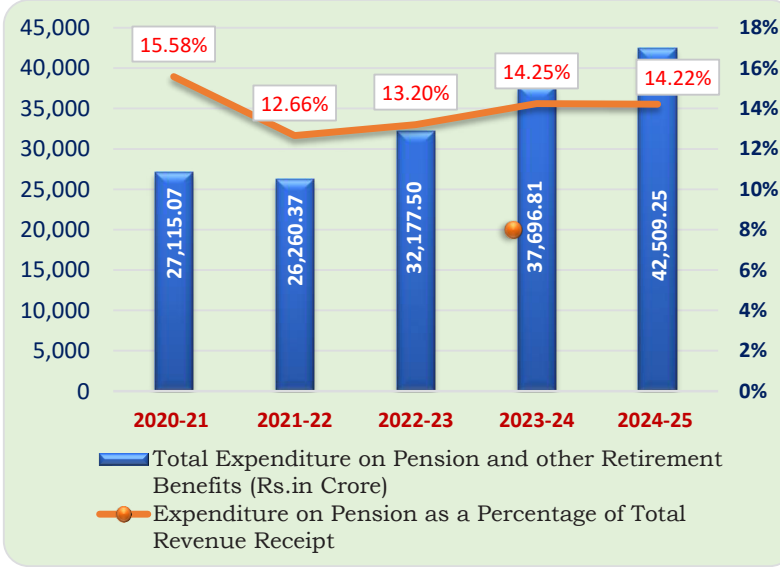
The employees in the Government of Tamil Nadu are covered under Defined Benefit Pension Scheme and Contributory Pension Scheme. The employees who have been appointed prior to **01-04-2003** are covered under Defined Benefit Pension Scheme and those appointed with effect from **01-04-2003** are covered under Contributory Pension Scheme. As on **31-03-2025**, **6,94,174** Pensioners and Family Pensioners and **43,912** employees retired in Contributory Pension Scheme are receiving retirement benefits under Defined Benefit Pension Scheme and Contributory Pension Scheme respectively.

I. DEFINED BENEFIT PENSION SCHEME

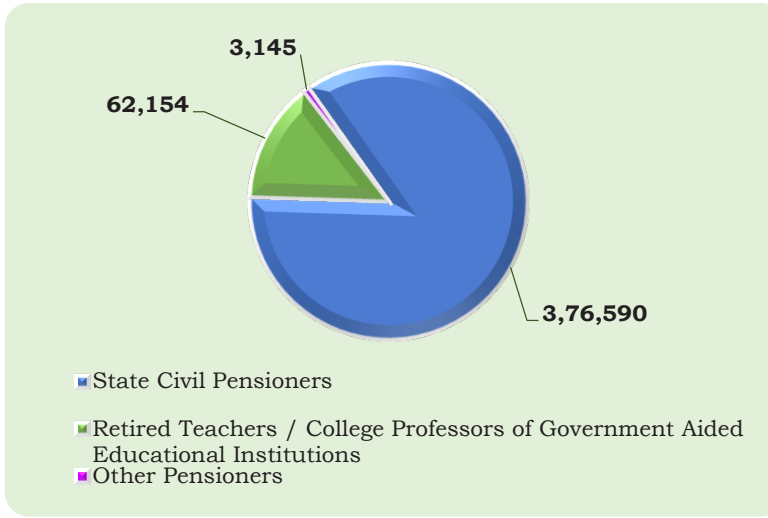
The Defined Benefit Pension Scheme covers all employees who have been appointed prior to **01-04-2003**. As on **31-03-2025**, **1,98,331** employees are covered under this Scheme. In **2024-2025,**

19,880 employees have retired and expenditure to the tune of **Rs.7,591.08 Crore** have been incurred towards pensionary benefits. During **2024-2025,** due to demise of **8,413** pensioners, an amount of **Rs.287.22 Crore** has been sanctioned towards Family Pension. A sum of **Rs.46,214.09 Crore** has been allocated under Demand No.50 towards Pension and Other Pensionary Benefits for the financial year **2025-2026**.

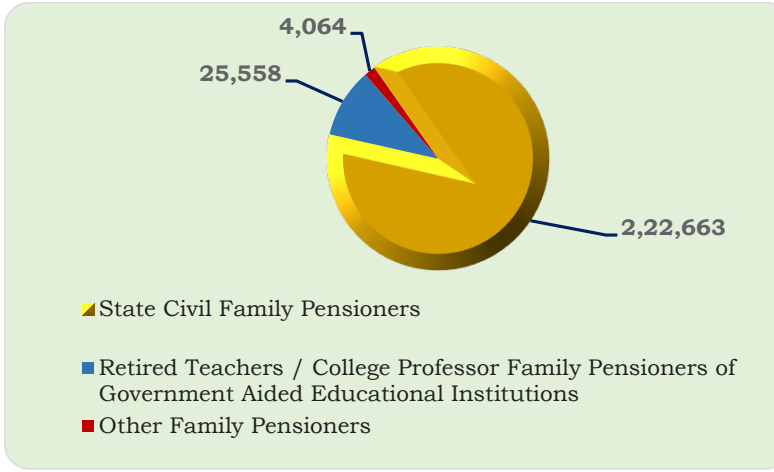
The Expenditure on Pension and Retirement Benefits for the past 5 years



The details of Service (Civil) Pensioners as on 31-03-2025



The details of Family Pensioners as on 31-03-2025



Pension

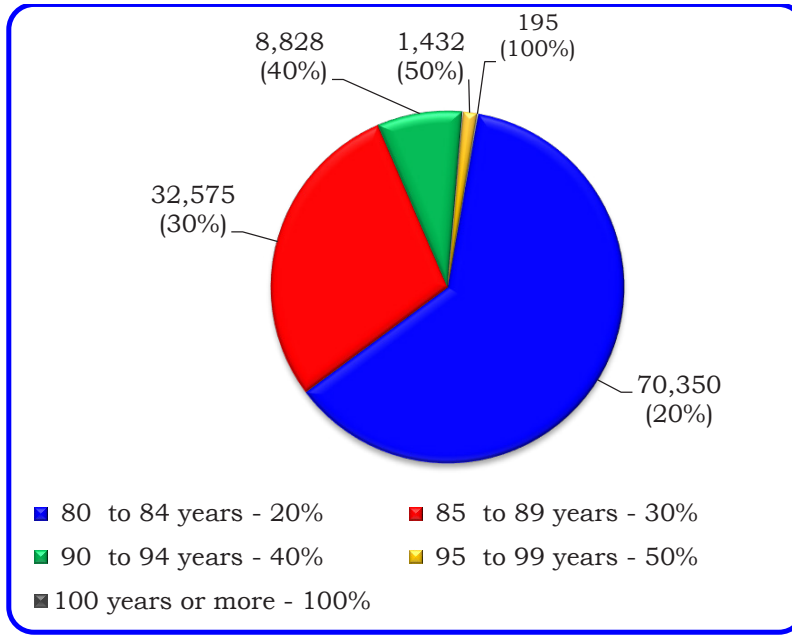
(i) A minimum qualifying service of **10** completed years is necessary to become eligible for Pension. The minimum qualifying service of **30** years is required to become eligible for full Pension. Pension is being determined based on **50%** of pay last drawn at the time of retirement.

(ii) Minimum pension of **Rs.7,850/-** per month has been fixed with effect from **01-10-2017.**

Additional Pension / Additional Family Pension

The Pensioners / Family Pensioners who have completed **80/85/90/95/100** years of age i.e., the commencement of **81/86/91/96/101** years of age are eligible for Additional Pension / Additional Family Pension. The total number of Pensioners/ Family Pensioners drawing Additional Pension/ Additional Family Pension as on **31-03-2025** is **1,13,380**.

Details of Additional Pension /Additional Family Pension



Pension to Staff of Aided Educational Institutions

The staff of Aided Educational Institutions are allowed to avail the same pensionary benefits of minimum pension of Rs.7,850/- per month and other pensionary benefits as applicable to the State Government employees.

Retirement Benefits for Employees under Defined Benefit Pension Scheme and Contributory Pension Scheme

Encashment of Earned Leave, Encashment of Unearned Leave on Private Affairs and Transfer Travelling Allowance is permitted to employees to settle down after retirement in their native place or to any other place after retirement.

Gratuity under Defined Benefit Pension Scheme

(i) Service Gratuity

Service Gratuity is admissible for those who have put in less than 10 years of qualifying service. This is a lumpsum payment for the service rendered in addition to the Retirement Gratuity admissible.

(ii) Death Gratuity

In the event of death in harness, Death Gratuity is admissible at the following rates with effect from **01-10-2017**

Sl.No.	Length of Service	Rate of Gratuity
1.	Less than one year	Two times of monthly emoluments
2.	One year or more but less than five years	Six times of monthly emoluments
3.	Five years or more but less than eleven years	Twelve times of monthly emoluments
4.	Eleven years or more but less than twenty years	Fifteen times of monthly emoluments
5.	Twenty years or more	Half of monthly emoluments for every completed six monthly services subject to a maximum of 33 times of monthly emoluments, the amount of which shall in no case, exceeds Rs.25 lakh.

(iii) Retirement Gratuity

A Government servant who has completed 5 years of qualifying service and above is granted Retirement Gratuity on his/her retirement. In respect of employees retired on or after **01-04-1998**, Gratuity is calculated based on Basic Pay and Dearness Allowance last drawn. The ceiling limit of Death Gratuity/Retirement Gratuity is fixed at **Rs.25 lakh** with effect from **01-01-2024.**

Family Pension under Defined Benefit Pension Scheme

(i) Family Pension is payable to a family of deceased retired Government servant and the revised Family Pension shall not be lower than 30% of the minimum of the pay in the prescribed Level in the Pay Matrix from which the pensioner had retired as per G.O.Ms.No.313, Finance (Pay Cell) Department, dated 25-10-2017.

(ii) The minimum family pension payable is Rs.7,850/- per month with effect from 01-10-2017.

Ex-Gratia Relief

At present, ex-gratia relief of **Rs.645/-** per month is being granted along with Dearness Allowance at the rate of **435 percent** with effect from **1st January 2024** to the families of deceased Contributory Provident Fund / Non-Pensionable beneficiaries of State Government and the employees of former District Board who had retired / deceased prior to **1st January 1986** and who are not eligible for Family Pension.

Commutation of Pension

Pensioners are eligible to commute pension upto **33 1/3 %** of pension and receive a lumpsum payment. This concession has also been extended in the case of Voluntary Retirement. However, Dearness Allowance is allowed on the original pension prior to Commutation.

Dearness Allowance

The Pensioners / Family Pensioners including Provisional Pensioners are paid Dearness Allowance at par with the serving employees of the Government.

Medical Allowance

The Pensioners / Family Pensioners including Provisional Pensioners are allowed Medical Allowance at **Rs.300/-** per month with effect from **01-10-2017**.

Pongal Prize

Pongal Prize amount of **Rs.500/-** is sanctioned to Pensioners retired from the categories of 'C' and 'D' including all 'C' and 'D' Group Pensioners of Aided Educational Institutions, Local Bodies, Ex-Village Establishment, adhoc pensioners of all categories and to all Family Pensioners irrespective of the Group from which Pensioners retired.

Festival Advance

Pensioners are sanctioned Festival Advance of **Rs.4,000/-** with effect from **02-08-2019** which is recovered at ten monthly equal instalments.

e-PENSION

A web-enabled software to process the pension payment and to have a Centralized Database of the pensioners is implemented in all the Districts and Pension Pay Office, Chennai. Under this scheme, the monthly pension and other retirement benefits to the pensioners are now credited directly to the bank

account of pensioners through Electronic Clearing Service / Regional Electronic Clearing Service. Further, migration of pension related information from Accountant General's database into the e-pension Central Server is being done to ensure data accuracy and saving of time and resources.

Annual e-Mustering

The State Government pensioners/ Family Pensioners submit their Life Certificate at their convenience to choose any one of the following facilities:-

1) Digital Life Certificate through Jeevan Pramaan Portal by using the services of any one of the following entities as per the option of the pensioners:

(i) India Post Payments Bank with Door Step Service on the request of Pensioners/ Family Pensioners.

(ii) e-Seva Centres/Common Service Centers.

(iii) Pensioners' Association having biometric device connected with Jeevan Pramaan Portal.

2) Submission of Life Certificate through Post.

3) Direct Mustering (Physical Appearance).

Accordingly, out of total number of **6,94,174** Pensioners, **5,89,409** Pensioners have mustered Digital Life Certificate (Online) and **59,781** pensioners mustered by utilizing the door step services of India Post Payment Bank.

The Government of Tamil Nadu has issued orders for conducting the mustering process throughout the year with effect from 01-07-2023 as below:-

i. Mustering in respect of Service Pensioners shall commence in the month of retirement of the Pensioner every year;

ii. In the case of Pensioner drawing both Service and Family Pension (Double Pension) the month of

mustering shall be the retirement month of the Service Pensioner every year;

iii. In respect of Family Pensioners, Ex-gratia Pensioners and Special category Pensioners (Ulema Pensioners and State Freedom Fighters Pension etc.,) the mustering shall be conducted in the month of commencement of Family Pension, Ex-gratia Pension and Special category Pension every year;

iv. If the Pensioners, Family Pensioners and Special Category Pensioners failed to do the mustering process then the pension will be stopped in the succeeding month of the grace period of the year.

Pensioners' Portal

Due to the implementation of the IFHRMS in the year 2020, the Pensioners details are updated and available in the IFHRMS portal. Pensioners can visit https://www.karuvoolam.tn.gov.in (IFHRMS) and also visit Kalanjiyam Mobile App to view and download their pension details.

II. DIRECTORATE OF TREASURIES AND ACCOUNTS - PENSION WING

The Directorate of Pension established on **01-09-1994** has been integrated with Treasuries and Accounts Department vide G.O.Ms.No.343, Finance (Treasuries and Accounts-III) Department, Dated 12-11-2024 and functioning well as Pension Wing of Directorate of Treasuries and Accounts.

The major activities of this Pension Wing is as follows:

(i) Redressal of the grievances of State Civil and Teacher Pensioners;

(ii) Settlement of Pensioner's grievances through Pensioners' Adalat;

(iii) Attending to the clarifications sought for by the Pensioners;

(iv) Administering and implementing the Tamil Nadu Government Industrial

Employees Provident Fund Scheme for Government Departments;

(v) Settlement of pending cases under the Tamil Nadu Government Pensioners' Health Fund Scheme 1995 for Pensioners / Family Pensioners;

(vi) Administering and implementing Tamil Nadu Government Pensioners' Family Security Fund Scheme 1997;

(vii) Estimating, Reconciling and Controlling Authority for Tamil Nadu Government Employees Special Provident Fund cum Gratuity Schemes 1984 and 2000;

(viii) Administering and implementing Tamil Nadu Social Security Scheme 1974 for unorganized daily wages, labourers and Public.

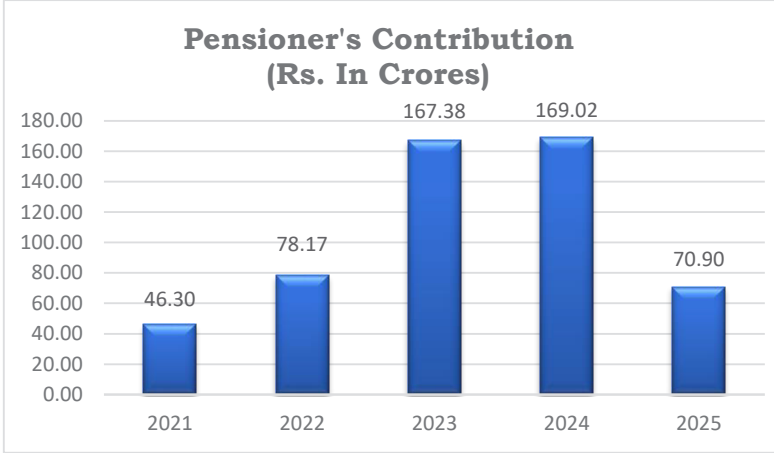
Tamil Nadu Government Pensioners' Family Security Fund Scheme

The Government introduced the Tamil Nadu Government Pensioners' Family Security Fund Scheme with effect from 01-01-1997 and implemented it from 01-01-1998. In the case of death of Pensioner after one month of contribution to the fund, a sum of Rs.50,000/- is paid to the eligible family members or nominee of the Pensioners.

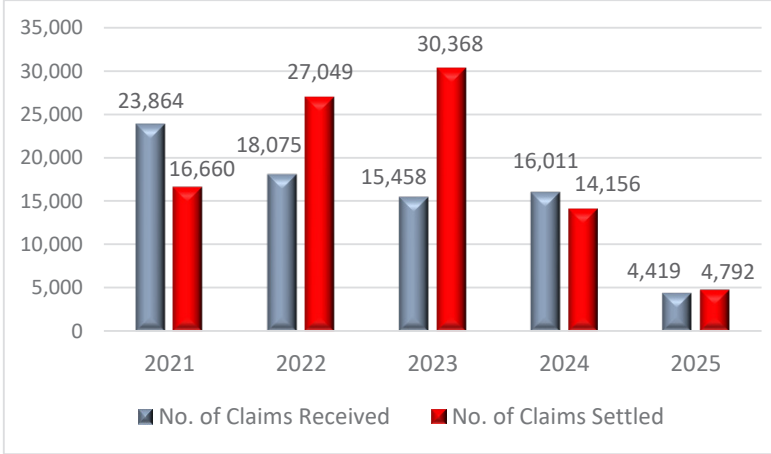
The Government have ordered the pensioners' contribution towards Tamil Nadu Government Pensioners' Family Security Fund at Rs.150/- per month. Based on this contribution on an average, a sum of Rs.6.50 Crore is received every month and 1,300 claims made by the spouse / nominees of the deceased pensioners are settled.

From the inception of the scheme **2,89,216** claims to the tune of **Rs.1,157.92 Crore** has been settled as on **31-03-2025**.

Pensioners Contribution under Family Security Fund Scheme for the past 5 years



Claims and Settlements under Family Security Fund for the past 5 years



Tamil Nadu Government Employees Special Provident Fund cum Gratuity Scheme 1984

This Scheme was introduced with effect from **01-04-1984**. A monthly subscription of Rs.20/- per month from Government employees for **148** months is deducted and the total subscription is refundable along with interest accrued thereon at the time of retirement with Government contribution of **Rs.10,000/-.** Under this scheme settlements has been made to **17,505** retired employees from **01-04-2024 to 31-03-2025**.

Tamil Nadu Government Employees Special Provident Fund cum Gratuity Scheme 2000

This Scheme was introduced with effect from **01-10-2000.** The employees who had already been enrolled under the earlier scheme are being paid the monetary benefits continuously at the time of their retirement. Further, all regular Government employees in service till **30-09-2000** were allowed to opt and subscribe **Rs.50/-** per month till one month prior to the date of retirement which is refundable along with interest accrued thereon. Under this

scheme settlements has been made to **5,830** retired employees from **01-04-2024 to 31-03-2025**. This Scheme was made compulsory to all the employees appointed on or after **01-10-2000** and the subscription was fixed as **Rs.70/-** per month. The total subscription is refunded with interest at the time of retirement with Government contribution of **Rs.10,000/-**.

Tamil Nadu Government Industrial Employees Contributory Provident Fund Scheme 1969

The Scheme was introduced in the year **1969** for the welfare of the casual Labourers earning wages in the Government Industrial Establishments vide G.O.No.1883, Finance (Miscellaneous) Department, dated 26-12-1969. Prior to 01-04-1989, **8.33%** of the wages was contributed by the employees and equal share of contribution was paid by the employers to the scheme. From 01-04-1989, **10%** of wages is being contributed by the employees and equal share is made by the Government Industrial Establishments as employer's contribution to the scheme.

At present, nine Government Departments viz. Agriculture, Agriculture (Oilseeds), Tamil Nadu Agricultural University, Forest, Public Works Department, Animal Husbandry, Sericulture, Horticulture and Transport are enrolled in this Scheme. As on **31-03-2025**, **5,116** members are in this Scheme. A sum of **Rs.4.12 Crore** has been disbursed as final payment to **492** beneficiaries during the period from **01-04-2024 to 31-03-2025.**

Redressal of Pensioners' Grievances

The representations received from Pensioners/ Family Pensioners in various Districts, through e-mail, Chief Minister's Special Cell and Right to Information Act are given due attention by the Pension Wing of Directorate of Treasuries and Accounts for immediate settlement of Pensioners' grievances.

Pensioners' Grievances Meeting in the Districts

As per the revised guidelines issued by Government, the District Collectors convene Pensioners' Grievances Day Meeting once in a year in

their Districts. The Additional / Joint Director of Treasuries and Accounts Department participate in the meeting and assist expeditious disposal of such grievance petitions in Districts. The pension proposals pending with the Office of the Principal Accountant General are also followed for speedy settlement.

From **01-04-2024 to 31-03-2025**, Pensioners' Grievance Meetings were conducted in all the Districts. Pension related grievances like non-payment of medical expenses under New Health Insurance Scheme, Issue of Identity Cards under New Health Insurance Scheme, payment of additional pension, restoration of Commutation, payment of Ex-gratia, refixation of Pension and delay in commencing Family Pension are the main grievances received in the meeting and various issues settled.

1,594 Pensioner's Grievance petitions received from the Pensioners in various districts, 1,042 have been settled during the period 01-04-2024 to 31-03-2025.

Computerisation of Major Schemes in the Directorate of Treasuries and Accounts - Pension Wing

Separate modules have been developed under IFHRMS for the two major schemes dealt with in the Directorate of Treasuries and Accounts - Pension Wing viz., Tamil Nadu Family Security Fund Scheme 1997 and the Tamil Nadu Industrial Employees Provident Fund Scheme 1969 and payments to the beneficiaries bank account are made directly through IFHRMS.

Online Pension and Provident Fund Authorisation System

Online Pension and Provident Fund Authorisation System has been developed for sending online pension and General Provident Fund final settlement Proposal to Accountant General and to create DCRG, General Provident Fund final withdrawal and pension bills in the system on the strength of the e-authorisation data provided by Accountant General to IFHRMS. This ensures speedy, transparent and accurate settlement. Individual can submit the pension proposals well in time which is to be forwarded

by the Drawing and Disbursing Officer/Head of Department to Accountant General for sanction. Totally **7,476** pension proposals were sent through OPPAS.

III. CONTRIBUTORY PENSION SCHEME

1. Introduction

Based on the Budget announcement during the year 2002-2003, the Contributory Pension Scheme was introduced for the employees of the State Government appointed with effect from **01-04-2003**. Necessary amendment has also been issued to the Tamil Nadu Pension Rules, 1978 accordingly.

2. Methodology of Contributory Pension Scheme

(i) In respect of employees under the Contributory Pension Scheme, a subscription at the rate of 10% of basic pay plus Dearness Allowance is being recovered from the employees with an equal matching contribution from Government.

(ii) **6,24,140** employees including employees of Local Bodies is enrolled under this scheme as on **31-03-2025** and a sum of **Rs.84,507.27 Crore** has been accumulated till **31-03-2025** as Employees/ Employer contribution with interest.

3. Interest

Interest is currently being sanctioned towards the Contributory Pension Scheme accumulation at the same quarterly rate as applicable to General Provident Fund accounts. At present, the rate of interest sanctioned for GPF for the period from **01-01-2025** to **31-03-2025** is **7.1 percent**.

4. Investments made from Contributory Pension Scheme accumulations

The entire accrued amount under Contributory Pension Scheme is invested in the Superannuation Fund of Life Insurance Corporation of India.

5. Settlement so far made to retirees

Orders have been issued to settle the accumulated amount inclusive of Employees and Government contribution along with interest in one lumpsum. The Director of Treasuries and Accounts has received final settlement applications from **45,625** employees who have retired /resigned /deceased / terminated from service requested final settlement in the Contributory Pension Scheme till **31-03-2025**. Out of which, final settlement made to **43,912** employees for a sum of **Rs.4,381.76 Crore.** During the year **2024-2025**, **7,235** employees retired from Government service and a sum of **Rs.1,308.31 Crore** has been settled to them.

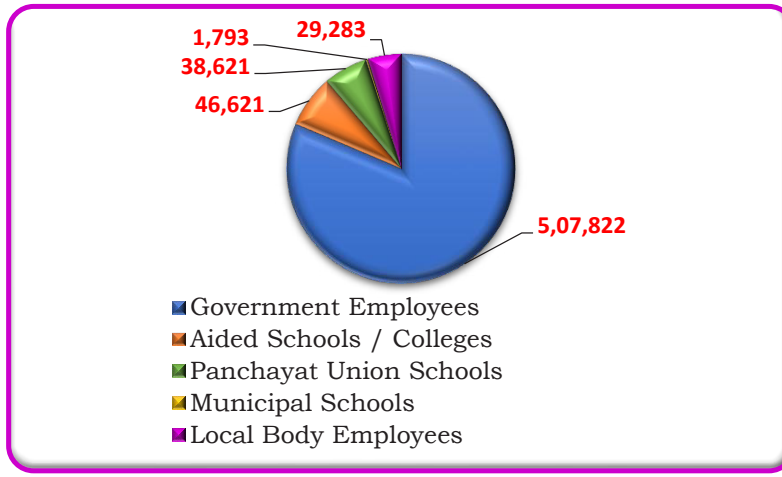
6. Contributory Pension Scheme for Local Body Employees

The Director of Treasuries and Accounts has been appointed as the State Nodal Officer for implementing the Contributory Pension Scheme for employees of Corporations, Municipalities, Town Panchayats and other Local Bodies. The number of

non-provincialised employees working in Local Bodies under the Contributory Pension Scheme is 29,283. A software application has been developed along with web portal to facilitate online entry of employee subscription, deductions and corresponding contributions from the respective Local Bodies and the accounts of the same are being audited by the Directorate of Local Fund Audit.

7. Details of Employees under Contributory Pension Scheme

The details of **6,24,140** Contributory Pension Scheme employees as on 31-03-2025 is as follows:



8. Issue of Final Account Slip

The Final Account Slips for **43,984** retired/resigned/deceased/ terminated employees is issued by the Directorate of Treasuries and Accounts - CPS Wing as on **31-03-2025.**

IV. Committee Constitution

The Contributory Pension Scheme has been introduced for Tamil Nadu State Government Employees who have joined the services on or after 01-04-2003. The State Government Employees were continuously requesting the Tamil Nadu Government to restore the Old Pension Scheme which has existed prior to 01-04-2003 for Tamil Nadu State Government Employees. The Government of India vide Notification dated 24-01-2025, has announced the Unified Pension Scheme for Central Government employees with effect from 01-04-2025. The Government has constituted a Committee to examine the Old Pension Scheme, the Contributory Pension Scheme and the Unified Pension Scheme and to make recommendations to the State Government within a period of nine months regarding

the most suitable and feasible pension structure to address the pensionary demands of the employees, while maintaining the fiscal sustainability of the State.

V. Pensioners New Health Insurance Scheme 2022

The New Health Insurance Scheme for Pensioners has been extended beyond 30-06-2022 for a further period of four years with some additional features.

New Health Insurance Scheme for Pensioners 2022 has been implemented from 01-07-2022 through United India Insurance Company Ltd., to provide health care assistance to the Pensioners (including spouse)/Family Pensioners on a CASHLESS basis, with provision to avail medical assistance up to **Rs.5,00,000/-** for a block period of four years 2022-2026. A monthly subscription of **Rs.497/-** is being deducted from the Pensioners/Family Pensioners.

Under the new scheme, the medical assistance has been enhanced to the maximum

limit of **Rs.10,00,000/-** for some specified diseases/treatments.

Life saving emergency treatment/surgeries undergone by Pensioners/Family Pensioners in a Non-network hospital is also entitled for medical assistance under this scheme.

Under this Scheme, if the pensioner is consciously choosing to avail treatment in Non-network hospital even the quality of treatment and facilities provided in a Non-network hospital is not known then the quantum of reimbursement in such cases shall be restricted to 75% of the package rate of similar procedure in the Network hospital.

Kidney Dialysis and COVID-19 treatment is included under specified illness list to avail cashless medical assistance up to **Rs.10,00,000/-.**

New Health Insurance Scheme-2022, Identity Cards are issued to **6,92,708** Pensioners/Family Pensioners to avail the cashless medical assistance through the medical Network hospitals.

Hon'ble Minister for Finance and Human Resources Management launched TNNHIS website, Mobile App for New Health Insurance Scheme on 27-02-2024 to monitor the effective implementation of the scheme.

In G.O.Ms.No.130, Health and Family Welfare Department, dated 07-06-2024, the Government has approved and issued General and Financial guidelines for implementation of NHIS in Government institutions under the control of Director of Medical Education and Research and Director of Medical and Rural Health Services. This will enable the beneficiaries under the NHIS to avail cashless treatment in Government Institutions.

Under this Scheme, 203 sets of treatments are covered to avail medical assistance i.e., 116 sets of treatment and surgeries and 87 sets of medical care procedures on Cashless basis through 1,364 Network hospitals and 16 Government radiation therapy centers for cancer treatment

located in Tamil Nadu, Puducherry, Bengaluru, Thiruvananthapuram and New Delhi.

In the Pensioners New Health Insurance Scheme 2022, during the period from 01-07-2022 to 31-03-2025 so far **2,47,017** numbers of beneficiaries have availed medical assistance for a sum of **Rs.1,119.05 Crore**.

The Government has reimbursed a sum of **Rs.8.30 Crore** to the Pensioners till March 2025 whose medical reimbursement application has been recommended under Tamil Nadu Medical Attendance Rules.

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Printed by Govt. Central Press, Chennai - 600 001.